

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SY-10 AID-20 EB-11 COME-00 NEA-10

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19

IO-14 OPIC-12 TRSE-00 OMB-01 DRC-01 /196 W

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P 042230Z DEC 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 4525

C O N F I D E N T I A L BUENOS AIRES 8818

E.O. 11652: GDS

TAGS: ECON, PINS, AR

SUBJ: GOA OFFERS FULL PROTECTION TO FORD MOTOR COMPANY
PLANTS AND EMPLOYEES

FOR ARA ASSISTANT SECY KUBISCH

REF: BA 8789 AND 8790

1. I MET AT NOON WITH ED MOLINA, FORD MOTOR CHIEF OF
LATIN AMERICAN OPERATIONS, AT HIS REQUEST. PURSUANT TO
HIS CONVERSATION LAST WEEK WITH ASST SECY KUBISCH HE WISHED
TO REPORT ON THE RESULTS OF HIS MEETINGS OVER THE PAST 4 DAYS
WITH GOA OFFICIALS, CAPPED BY HALF HOUR MEETING THIS MORNING
WITH PRESIDENT PERON.

2. MOLINA SAID FORD MOTOR ARGENTINA RECEIVED NOV 28 A DEMAND
FROM FUERZAS ARMADAS PERONISTAS (FAP) FOR \$4 MILLION WHICH
FAP TOOK CREDIT FOR CORDOBA SLAYING OF TRANSAX MANAGER WINT
AND SAID SIMILAR FATE IN STORE FOR OTHER FORD EXECUTIVES UNLESS
DEMANDS MET. FORD PRESIDENT IACOCCA IMMEDIATELY POLLED EXECUTIVE
COMMITTEE WHO UNANIMOUSLY SUPPORTED HIS PROPOSAL IMMEDIATELY
REMOVE ALL EXPATRIATE EXECUTIVE STAFF AND TO
CLOSE DOWN FORD OPERATIONS IN ARGENTINA UNLESS GOA PRE-
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PARED GIVE ADEQUATE PROTECTION TO STAFF AND INSTALLATIONS.

MOLINA ARRIVED BUENOS AIRES NOV 30 TO BEGIN SERIES OF MEETINGS WITH MININT LLAMBI, MINECON GELBARD OVER SATURDAY AND SUNDAY. HE TOLD THEM OF EXECUTIVE COMMITTEE ACTION AND STRESSED DOMINO EFFECT IF FORD WERE TO CLOSE DOWN. NOT ONLY WOULD ACTION AFFECT 10 THOUSAND FORD EMPLOYEES AND 17 THOUSAND DEALER EMPLOYEES, BUT DOZENS OF FIRMS SUPPLYING PARTS AND SUB-ASSEMBLIES TO FORD. IN ADDITION, FORD OWNED AZEL AND TRANSMISSION PLANT SUPPLIES FOUR OTHER MAJOR AUTO MANUFACTURERS, AS DOES FORD OWNED FOUNDRY PLANT. GELBARD AND OTHERS ASSURED MOLINA THAT THEY AND PERON WERE DEEPLY CONCERNED OVER TERRORISTS THREAT TO FOREIGN AUTO MANUFACTURERS AND OTHER FOREIGN COMPANIES AND THAT PERON HAD GIVEN INSTRUCTIONS TO PROVIDE FULLEST POSSIBLE PROTECTION TO THE PERSONNEL AND PLANTS OF THESE COMPANIES.

3. MOLINA ASKED FOR MEETING WITH PRESIDENT PERON BEFORE FLYING TO BRAZIL SUNDAY. HE RETURNED YESTERDAY WHEN ADVISED THAT PERON WOULD SEE HIM THIS MORNING.

4. DURING HALF HOUR SESSION WITH PERON, WHO ACCOMPANIED BY GELBARD, LLAMBI, AND MINISTER SOCIAL WELFARE, LOPEZ REGA, PERON WAS, ACCORDING TO MOLINA, CATEGORIC IN ASSERTING HIS DETERMINATION TO PUT AN END TO SUBVERSIVE TERRORISM. PERON SAID HE IS SETTING UP AN ANTISUBVERSIVE COUNCIL (AT MINISTERIAL LEVEL) TO COORDINATE THIS EFFORT, WHICH WILL INCLUDE NOT ONLY FULL MOBILIZATION OF GENDARMERIA, BUT ALSO GIVE NATIONWIDE JURISDICTION TO FEDERAL POLICE AND GENDARMERIA TO DEAL WITH TERRORISM PROBLEM. MOLINA SAID PERON WAS EMPHATIC IN HIS SUPPORT OF PRIVATE INITIATIVE, INCLUDING FOREIGN INVESTORS, AND IN HIS REPUGNANCE FOR COMMUNIST IMPERIALISM. AT ONE POINT, PERON INTIMATED TO MOLINA THAT POLICE WOULD IN EFFECT FIRE FIRST AND ASK QUESTIONS LATER AND THAT THE TASK OF THE POLICE IN THIS CONNECTION WOULD BE MADE EASIER BY THE FACT TERRORISTS USUALLY OFFERED RESISTANCE (MOLINA ASKED PARTICULARLY THAT THIS STATEMENT BE HELD CLOSELY).

5. IN EARLIER MEETING THIS MORNING WITH LOPEZ REGA, MOLINA WAS TOLD THAT PERON HAD ORDERED ENTIRE GENDARMERIA FORCE WITHDRAWN FROM NORMAL FRONTIER STATIONS IN ORDER TO PROVIDE PLANT PROTECTION AND OTHER MEASURES AGAINST TERRORISM. IN TWO HOUR MEETING SUNDAY WITH GELBARD AND IN SUBSEQUENT MEETING WITH

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HIM AND CGE PRESIDENT BRONER THIS MORNING, QUESTION OF EXPORTS, PARTICULARLY TO CUBA, WAS RAISED BY GELBARD WHO ASKED WHY FORD HAD NOT FOLLOWED SAME LINE AS GM AND CHRYSLER IN MAKING OFFER TO CUBANS. MOLINA SAID HE EXPLAINED DILEMMA OF VIOLATING US LAW IF SALE MADE TO CUBA OR ARGENTINE LAW IF FORD REFUSED. HE SAID GELBARD SEEMED DETERMINED TO FORCE ISSUE BUT DID NOT PRESS MATTER AT THIS JUNCTURE IN LIGHT OF OTHER MORE IMMEDIATE PROBLEM.

6. I ASKED MOLINA WHETHER ON BASIS OF HIS CONVERSATIONS AND MEASURES BEING TAKEN BY GOA FORD WOULD BRING ANDY OF ITS EXPATRIATE STAFF BACK. HE SAID THIS WAS A DECISION WHICH WOULD HAVE TO BE TAKEN IN DEARBORN AND THAT HE BELIEVED IT WOULD BE SOME TIME BEFORE COMPANY WOULD HAVE TO FACE UP THO THIS DECISION SINCE REMAINING ARGENTINE STAFF COULD CARRY ON TEMPORARILY WITH ASSISTANCE FROM EXPATRIATE STAFF BROUGHT IN FROM BRAZIL FOR FEW DAYS AT A STRETCH. HOWEVER, HE SAID HE WAS GREATLY ENCOURAGED BY GOA REACTION AND IMPLIED CLOSING DOWN ARGENTINE OPERATIONS NO LONGER UNDER ACTIVE CONSIDERATION.KREBS

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